Department of the Navy Financial Improvement Plan (DON FIP)

A Strategic Perspective

Presentation to DFAS San Diego
Customer Service Conference

13 July 2004

Agenda

* Financial Operations Priorities
* FMO Team Approach
* DON Financial Improvement Plan (FIP)
* Bottom Line Game Plan
* Questions ???

DON Financial Operations Priorities

* Mid-Term Financial Management Improvement Plan
  - Measured progress on plan execution
  - Compliance with OSD metrics
  - Demonstrated improvement in report quality
* DON FM Systems strategy
  - Articulating future FM vision
  - BMMP liaison
  - Merged ERP support
  - DON FAM support as basis for transition plan
* Improved DON/DFAS partnership
  - Improved quality of outcomes
  - Lower cost
* High visibility issues (the “wild card”)
  - Travel card
  - Personnel pay

FMO "Team" Approach

Team	Focus	Leader	Contact Info
1. Financial Improvement Processes	DON Financial Improvement Plan	Gilbert Gardner	202-685-6727 / gilbert.gardner@navy.mil
2. Financial Systems and Planning	Financial Systems / BMMP / ERP / FAM	Ed Johnson	202-685-6703 / edward.n.johnson@navy.mil
3. Financial Services	Personnel compensation, e-business, and charge cards	David McDermott	202-685-6719 / david.e.mcdermott@navy.mil
4. Financial Operations	Financial Statement preparation and analysis, DON Management Control Program, OUSD(C) Financial Management Metrics	Nancy Carpenter	202-685-6725 / nancy.carpenter@navy.mil

Opportunities and Challenges

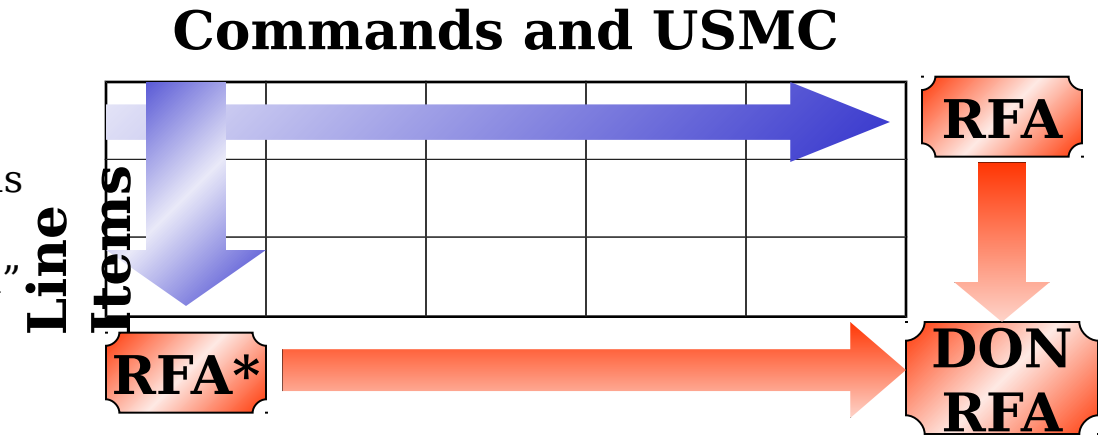
* Opportunities
  - Assume leadership role for DoD
  - Enhanced Public credibility
  - Demonstrate compatibility between mission and financial stewardship
  - Accurate/auditable financial information will improve efficiency and decision making
* Challenges
  - Securing buy-in and commitment from Comptroller and Non-Comptroller Community, Navy, and non-Navy organizations, etc.
  - Securing Executive Sponsorship for the effort (Not just FM community)
  - Effectively prioritizing scarce resources
  - Meeting reporting demands of OUSD(C)
  - Structured preparations for audits will represent a new unfunded workload for Commands

Key Strategy Elements

* Manage Expectations
  - Message:
    - Huge undertaking
    - Will compete with other DON priorities
    - Build incremental success on smaller victories
* Clear/Consistent Communications
  - Message:
    - Important for Public confidence / DON credibility
    - Can accomplish mission **and also** properly account for resources financially
    - Will require a change in mindset
* Measured Progress/Demonstrated Return on Marginal Investment
  - Message:
    - Process changes must produce results **and** be sustainable

Strategic Approach

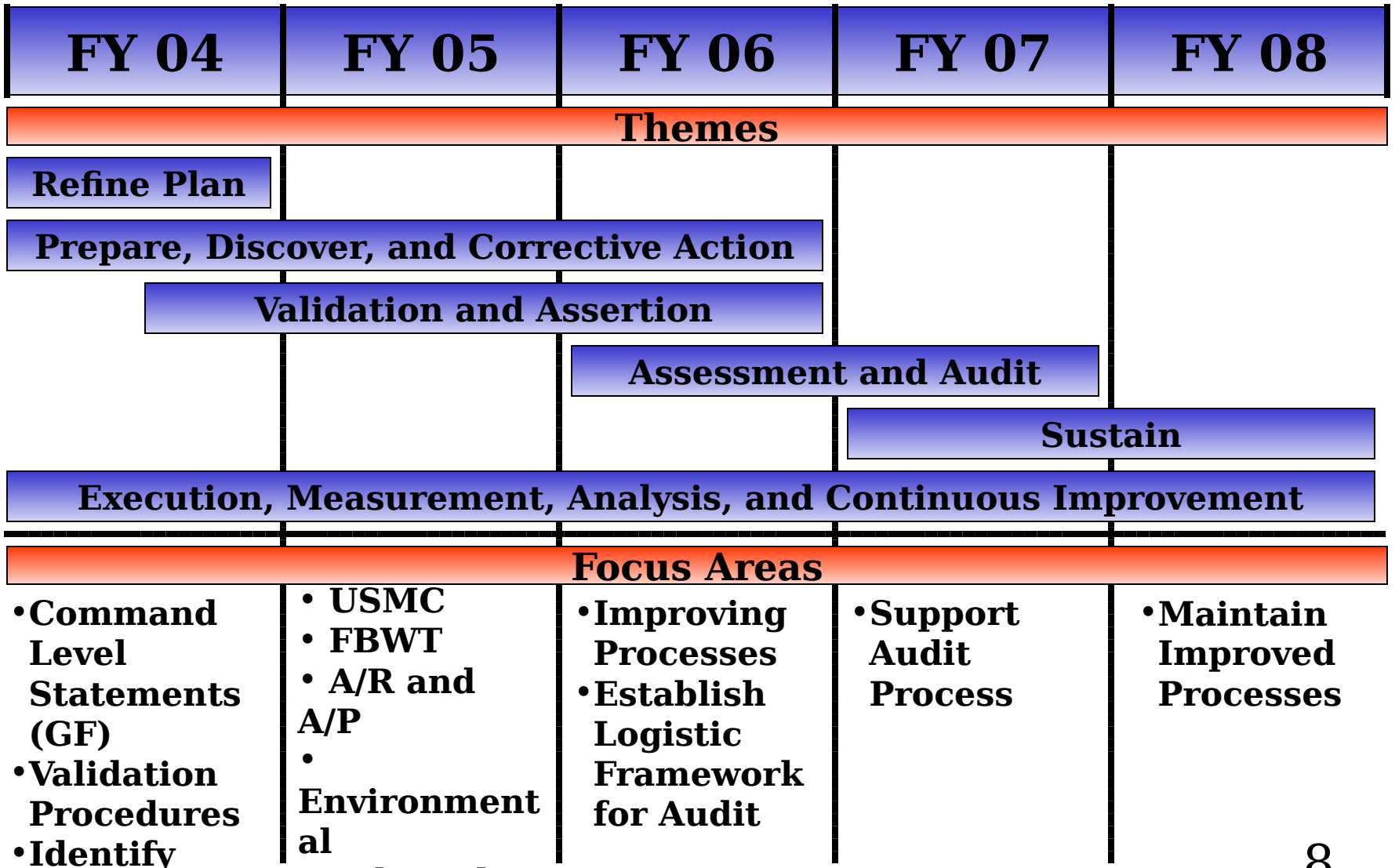
* Dual Track and Modular
  - Vertical Approach
    - USMC (Selected entity)
    - NWCF (Activity level)
    - Navy GF (Developing tools for Major Commands)
    - Uses “Chain of Command”
  - Horizontal Approach
    - Selected Lines
      - FBWT
      - Other Liabilities
      - Military Equipment
      - Environmental Liabilities
      - Other
    - A “program within a program”



The obtainment of the DON “clean” opinion can be viewed as the summation of its “clean” parts.

*** RFA = Ready for Audit**

Strategic Timeline



Key Plan Components

Plan Component/Line	Lead	Scope	Assertion Date	Est. Resource (F/S)*
Fund Balance with Treasury	DFAS	Reasonably well defined	9/30/05	($12,906 / $1,721)
Military Equipment and OM&S	AT&L	Well defined ACAT III Program	9/30/06	($38,175 / $1,360)
Environmental Liabilities (Non-DERP)	NAVFAC, N45, USMC	Reasonably well defined	9/30/06	($33,088 / $694)
Environmental Liabilities (DERP)	NAVFAC	Validation effort	9/30/04^	-
Accounts Receivable	DFAS	CONOPS developed/ processes in place	9/30/05	($15,041 / $2,912)
Accounts Payable	Major Commands	Structured but not well defined	3/31/06^	($24,181 / $7,343)
[illegible]	[illegible]	[illegible]	[illegible]	($8,385 / [illegible]

^ updated dates; * F = Fix / S = Sustain; # Does not include converged ERP; $ amounts in thousands

Measurements

* Plan Measures (Macro)
  - Measures that depict overall plan status and success
    - # of deficiencies identified (by fund type, FS, line item, org)
    - # of deficiencies solved (by fund type, FS, line item, org)
    - # of line items ready for audit (by FS, org)
* Task Measures (Micro)
  - Measures that objectively validate that a task has been completed
    - Develop SCR (SCR written)
    - Develop Guidance (written guidance developed)
* Operational Measures (Standard Performance Measures)
  - Measures that demonstrate operational effectiveness and efficiency **(OSD Metrics +)**
    - $ value of AR > 180 days
    - $ value of Problem Disbursements
    - $ value of Aged Accounts Receivable
    - # of A/P transactions that are recorded in the Acct system prior to an expenditure transaction
* Activity/Major Claimant Level Proprietary Reports
  - Scorecard by Major Claimant

Near-Term (FY 04) Actions

Item	Target	Status
* Maintain Pressure on A/R Management	Ongoing	Developing Aging guidance, developing aging report
* Review Assertion Process using Selected Statement Lines	15 July 2004	Validating Investments, Other Liabilities, and DERP
* Issue A/P Guidance	23 July 2004	Distributed draft guidance, for comment
* Issue Guidance on DON Implementation of DoD Audit Validation Process	15 August 2004	Developing procedures for Command distribution
* Hold Initial Audit Committee Meeting	15 September 2004	Charter developed and signed by SECNAV
* Develop/Produce/Implement Command Level Statements (GF)	30 September 2004	Drafting SCR to submit to DFAS-CL for pricing
* Develop Updated DON FIP (to include Command inputs)	30 September 2004	Updated the DON FIP to include DFAS-CL, DFAS-KC, Validation procedures, and USMC input

* Challenges appear to exceed opportunities
* Recalibrating plan to reflect:
  - More granularity
  - A modular approach
  - Uncertain resources
  - Opportunities for early victories
* Strategy will engage uniformed Military Leadership/Chain of Command … not just a Comptroller exercise.
* Progress/timeframes will match:
  - Resource availability
  - Executive level support/commitment

The Bottom Line Game Plan

* Focus on outcomes
* Establish long term goals with mid-term milestones (early victories)
* Provide guidance and empower subordinates
* Ensure clear/consistent communication

Positively influence DON Financial Management Business Processes during Execution phase.

Questions??